

Economic Regulation of NATS (En Route) plc: working paper on the reconciliation review for NR23, including the request for information

CAP2291

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Background to this working paper

Introduction

1. In previous documents, we have committed to a reconciliation review of actual traffic volumes and costs for 2020 to 2022, given the significantly lower than expected traffic volumes over this period.¹ This follows the findings of the Competition and Markets Authority (“CMA”) in 2020, which stated that we should do this review, while also recognising that NERL’s current price control arrangements include an established mechanism for traffic risk-sharing (“TRS”).
2. We need to conduct this review in accordance with our statutory duties, taking account of a range of considerations including NERL’s financeability and the affordability of its charges.
3. In June 2021, we provided an update on our approach to the conduct of this reconciliation review that stated that, taking due account of stakeholder feedback, we planned to issue a request for information (“RFI”) to NERL in the Autumn of 2021.²
4. This document sets out how we have responded to stakeholders’ feedback on the June 2021 Update and provides the RFI in the appendix. We expect NERL to respond to the RFI with its business plan submission for NR23 that is due to be submitted to the CAA by 7 February 2022. We also set out information that we would expect to see as part of NERL’s building block submission for NR23 that is due to be submitted to the CAA in December 2021.
5. This working paper sets out:
 - stakeholders’ responses to the June 2021 Update and our views on these responses;
 - in the appendix, the RFI (which provides a high-level overview of the information we require to carry out the reconciliation review); and
 - a more detailed description of the evidence that is being sought from NERL as part of its submission for each building block.

¹ See, for example, NATS (En Route) Plc/CAA Regulatory Appeal – Final Report, August 2020 or our earlier response to CMA’s provisional findings on RP3, CAP 1910: [link to CAP 1910](#).

² See CAA, CAP2160, “Economic regulation of NATS (En Route) plc: further update on approach to the next price control review (“NR23”)”, June 2021 (the “June 2021 Update”). www.caa.co.uk/CAP2160.